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**U.S. House of Representatives Committee on Homeland Security
Subcommittee on Transportation Security and Infrastructure Protection**

On

"100% Air Cargo Screening: Can We Secure America's Skies?"

**Washington, DC
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INTRODUCTION

Chairman Jackson-Lee, Ranking Member Dent and members of the committee, thank you for the opportunity to appear before the House Committee on Homeland Security Subcommittee on Transportation Security and Infrastructure Protection to discuss the challenges the forwarding industry has addressed in meeting the first screening deadline, as well as the challenges we anticipate with the next 50 percent. I ask that my full statement be entered into the record.

As you are aware, the air freight industry has been working hard with the administration to meet the 100 percent passenger air cargo screening mandate. It is our firm belief that the full implementation of the Certified Cargo Screening Program (CCSP) is the most efficient and only realistic method of attaining the mandate. The Airforwarders Association is committed to facilitating compliance across the forwarding industry, and remains optimistic that the 100 percent mandate as defined by TSA will be met. We urge Congress and the TSA to maintain the CCSP, provide funding mechanisms for participants to reduce the barrier to participation and resist any further moves away from a risk-based approach to cargo security.

BACKGROUND

My name is Brandon Fried and I am the executive director of the Airforwarders Association. It is a pleasure to address this distinguished panel today on the important issue of air cargo security.

I was appointed to serve as the Executive Director of the Airforwarders Association in November 2005 and have over 25 years of experience as a forwarder myself. In my position as Executive Director, I represent the Association on all security matters and currently serve on the Aviation Security Advisory Committee (ASAC) working group in counsel to the Transportation Security Administration.

The Airforwarders Association is an alliance of Indirect Air Carriers, Cargo Airlines, and affiliated businesses located throughout the United States that play a vital role in ensuring the continuous movement of global commerce. There are over 4,000 registered indirect air carriers who are responsible for the planning, oversight and transporting of companies' goods and products - anything from flowers and seafood to pallets of humanitarian supplies. The parameters of this service include steps such as pick up of goods, customs clearance, transportation, warehousing, regulatory compliance and delivery, we work from one end of the supply chain to the other.

DISCUSSION

Products such as automobile assembly line parts, high tech electronics, pharmaceuticals and vital consumer goods are transported in the cargo holds of passenger planes on virtually every flight. During the cold winter, our families enjoy fresh vegetables flown from the warm west coast and South America on passenger flights. As we speak, thousands of pounds of seafood are in flight to be served tonight in restaurants in places like Albuquerque, Minneapolis, Omaha and St. Louis. In some cases our members help save lives by assisting medical companies and hospitals ship urgently needed heart valves, blood samples and human organs across the country to waiting doctors and patients.

It is the urgent need or “just in time” nature of cargo, coupled with the variance in the products shipped and the sensitivity to excessive handling or delay, that makes the task of screening so challenging. It is also the reason that the supply chain, from shippers of pharmaceuticals that cannot have their packages opened by a screener due to product integrity issues, to the forwarder whose business depends on meeting a deadline and even the air carriers all support CCSP and screening throughout the supply chain.

However, we believe that the following three elements need to be put in place in order for CCSP to be a viable security program: the appropriation and availability of additional federal funding or incentives (e, g, tax relief on privately purchased screening equipment) for eligible participants; the encouragement of all entities involved in the supply chain as full participants in the act of screening; and the availability of efficient and cost-effective solutions to screening for all TSA-certified Indirect Air Carriers (IACs) and other qualified participants.

Support for CCSP

Complex supply-chain dynamics and the broad range of facility and cargo screening capabilities at our airports prevent a “one size fits all” solution to the complex cargo screening dilemma. This complexity has motivated us to work cooperatively to ensure that many solutions are available to the commercial concerns that participate in the supply chain to meet air cargo screening mandates. Screening a high percentage of air cargo upstream is a critical part of the solution, especially where U.S. manufacturing and supply chain logistics involve secure bulk packaging that must be maintained for the integrity of the product.

Another part of the solution is some airport screening by airlines and the Transportation Security Administration (TSA). The Airforwarders Association supports a system of cargo screening that offers forwarders multiple options as to where and how to screen cargo, but those options must work. We remain concerned that a system other than CCSP that would screen the bulk of air cargo at a single facility at the airport does not work and will most assuredly lead to significant delays, bottlenecks and increased costs and ultimately will jeopardize the economic stability of the air transportation sector without providing greater assurance of cargo safety.

Although it is a voluntary program, CCSP is a key part of the risk-based multi-layered approach to air cargo security that strengthens security throughout the global supply chain and balances the need for increased security while also meeting the needs of the shipping public. We believe the strength of CCSP is that it provides for multiple options throughout the supply chain, including the use of centralized third-party screening centers, third-party logistics providers, shipper or exporters, and freight-forwarder screening facilities, which will lead to robust competition and, ultimately, the reduction of screening costs. Additionally, all members of the supply chain have a vested business interest in a strong chain of custody to maintain the integrity of cargo. As a result, relying on the shippers, forwarders and airlines that have a strong record of safety and security to handle the delicate screening operations for the wide spectrum of cargo will increase cargo security in an effective manner.

Lessons Learned from the First 50 Percent

More than a quarter of the facilities currently certified to screen cargo are Airforwarders Association members. Based on an informal poll, it seems that for the vast majority of the industry, reaching the 50 percent benchmark has not been particularly problematic. Of the problems experienced, most were relatively minor misunderstandings about paperwork and tendering screened shipments to air carriers. These did not have a substantial impact on cut off times to deliver cargo, or result in delays in shipment. While the economic environment has had the effect of lowering cargo volume and therefore probably helped ease the burden, remarkable progress made by TSA, forwarders, air carriers and shippers deserves most of the credit.

TSA began certifying participants in December and has been working diligently to expand the number of certified participant facilities. Dialogue has improved, as has information sharing, and TSA, despite the transition to a new Administration, has remained steady in its guidance to industry. I believe participants in the pilot have learned that they do have a trusted partner in TSA, and the learning curve will continue to improve as we move closer to the 100 percent deadline.

Additionally, forwarders have found that their other partners in the supply chain – shippers and air carriers – are actively responding to the screening mandate as well. As more shippers come into the program, the burden on forwarders to be the primary screener will decrease. Additionally, air carriers have rapidly deployed technology and trained employees to screen freight and are doing so in an efficient and effective manner.

The ease of attaining the first portion of the screening mandate should be both a sign of encouragement and caution. It proves that our industry and its airline partners can collectively rise to any challenge and implement effective solutions. It also means that the road ahead may be rough and lessons learned today will be well used as tomorrow unfolds.

Concerns about the Next 50 Percent

Last year, I had the privilege of addressing this subcommittee and outlined the concerns forwarders have about meeting the 100 percent mandate. Unfortunately, some of the more serious issues have yet to be resolved. Specifically, those are the lack of approved pallet screening technology, ongoing financial barriers to participation, and the future of air cargo security policy in general.

In the absence of certified technology, the focus will be on examining pallets and containers, each needing to be unpacked to meet the piece-level screening requirement. This poses serious logistical and security concerns. Each pallet or unit load device (ULD) contains nearly 200 pieces of varying size, shape and commodity. Breaking up the shipment of that size will require facility space large enough to accommodate multiple unpacked pallets, a resource not all airports have. Additionally, breaking up cargo poses an increased level of risk of theft or tampering, as idle cargo is a security concern.

We urge TSA to continue to work with their Science and Technology office, as well as vendors, to identify, test and approve equipment that can effectively and efficiently screen palletized cargo. In the absence of that, we urge Congress to allocate additional funds for the canine program, as it is an effective stopgap solution.

Even as advancements are made with technology, the significant amount of capital required to purchase technology and adapt business practices is a barrier to participation. Forwarders participating in CCSP must purchase technology for which the cost may range from \$50,000 to \$500,000 per facility – a price tag that cannot be met by many forwarders, particularly smaller forwarding businesses. As a result, they will face delays at the airport for cargo screening, causing them to miss flights and lose revenue. This lost revenue, in the current economic environment with high fuel surcharges and razor thin profit margins, could force forwarders out of business. This consolidation of the market, with the resulting impact on competition, is bad for forwarders, manufacturers and the American consumer.

For those who were selected, based on size or commodity, to participate in the pilot program, this need was recognized and addressed by a TSA funded grant for the purchase of technology. The Airforwarders Association calls on Congress and TSA to provide funding to ensure the hundreds of thousands of jobs in the airfreight industry are not lost and the American economy does not face serious harm due to delays in goods and products being delivered. The Airforwarders Association supports grants to fund CCSP

as well as additional funding or reallocation of TSA's budget to provide funding for equipment and personnel devoted to cargo screening. We also support expanded funding for canine detection units for use for large consolidations and possibly also in other facets.

Finally, as we face the future of air cargo screening, it is critical to look back on the mission of the Department of Homeland Security and TSA, which is not only to secure the nation's borders but also to maintain an efficient flow of commerce. As a frequent flier, I understand and agree that aviation security is critically important but we must not abandon all consideration of international trade, economic security and our supply chain, particularly in these troubled economic times. For that reason, the Airforwarders Association has been working with the Safe Commerce Coalition to assess the most effective way to secure cargo for the future.

Noted experts, including the GAO, have stated that abandoning a risk-based security program in favor of screening may actually make the nation less safe. Forwarders know that TSA has limited resources, both financially and in terms of personnel, and it is an unwise use of those finite dollars and employees to treat each piece of cargo as if it has the same threat level. The industry has already demonstrated its willingness to comply with the law, and will continue to do so. However, without a vigilant eye on the actual impact of our actions, I fear we may have achieved a mandate without achieving its goals.

I appreciate the opportunity to be here today to address this important topic and look forward to your questions.